

104TH CONGRESS  
1ST SESSION

# S. 1469

To extend the United States-Israel free trade agreement to the West Bank  
and Gaza Strip.

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## IN THE SENATE OF THE UNITED STATES

DECEMBER 12, 1995

Mr. BROWN (for himself and Mrs. FEINSTEIN) introduced the following bill;  
which was read twice and referred to the Committee on Finance

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## A BILL

To extend the United States-Israel free trade agreement  
to the West Bank and Gaza Strip.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Warm Peace Act of  
5 1995”.

6 **SEC. 2. FINDINGS.**

7 The Congress makes the following findings:

8 (1) The Congress approved a free trade agree-  
9 ment between the United States and Israel on April  
10 29, 1985.

1           (2) The agreement applies to articles that were  
2 the growth, product, or manufacture of the occupied  
3 territories of the West Bank and Gaza Strip.

4           (3) The Declaration of Principles, signed by Is-  
5 rael and the Palestinian Authority in 1993, is a sig-  
6 nificant step forward in bringing peace to the Middle  
7 East region.

8           (4) Sending an unambiguous signal that the  
9 United States supports peace in the Middle East is  
10 a top United States priority.

11           (5) Failure to extend free trade treatment to  
12 articles that are the growth, product, or manufac-  
13 ture of the West Bank and Gaza Strip after the  
14 signing of the Declaration of Principles economically  
15 penalizes the Palestinian Authority for entering into  
16 a peace agreement with Israel.

17           (6) Articles that are the growth, product, or  
18 manufacture of the West Bank and Gaza Strip  
19 should not be subjected to less favorable treatment  
20 now than the articles received before the Declaration  
21 of Principles was signed.

22 **SEC. 3. ADDITIONAL PROCLAMATION AUTHORITY.**

23           The United States-Israel Free Trade Area Implemen-  
24 tation Act (19 U.S.C. 2112 note) is amended by adding  
25 at the end the following new section:

1 **“SEC. 9. ADDITIONAL PROCLAMATION AUTHORITY.**

2 “(a) **ELIMINATION OR MODIFICATIONS OF DUTIES.—**

3 The President is authorized to proclaim elimination or  
4 modification of any existing duty as the President deter-  
5 mines is necessary to exempt any article from duty if—

6 “(1) that article is wholly the growth, product,  
7 or manufacture of the West Bank or Gaza Strip or  
8 a qualifying industrial zone or is a new or different  
9 article of commerce that has been grown, produced,  
10 or manufactured in the West Bank or Gaza Strip or  
11 a qualifying industrial zone;

12 “(2) that article is imported directly from the  
13 West Bank, Gaza Strip, Israel, or a qualifying in-  
14 dustrial zone; and

15 “(3) the sum of—

16 “(A) the cost or value of the materials pro-  
17 duced in the West Bank, Gaza Strip, Israel, or  
18 a qualifying industrial zone, plus

19 “(B) the direct costs of processing oper-  
20 ations performed in the West Bank, Gaza Strip,  
21 Israel, or a qualifying industrial zone,

22 is not less than 35 percent of the appraised value of  
23 the product at the time it is entered into the United  
24 States.

25 For purposes of determining the 35 percent content re-  
26 quirement contained in paragraph (3)(B), the cost or

1 value of materials which are used in the production of an  
2 article in the West Bank or Gaza Strip or qualifying in-  
3 dustrial zone, and are the products of the United States,  
4 may be counted in an amount up to 15 percent of the  
5 appraised value of the article.

6       “(b) TREATMENT AS ARTICLES OF ISRAEL.—The  
7 President is authorized to proclaim that articles may be  
8 treated as though they were articles of Israel for the pur-  
9 poses of the Agreement even if shipped to the United  
10 States from the West Bank or Gaza Strip or a qualifying  
11 industrial zone, if the articles otherwise meet the require-  
12 ments of the Agreement.

13       “(c) TREATMENT OF COST OR VALUE OF MATE-  
14 RIALS.—The President is authorized to proclaim that the  
15 cost or value of materials produced in the West Bank or  
16 Gaza Strip or a qualifying industrial zone may be included  
17 in the cost or value of materials produced in Israel under  
18 section 1(c)(i) of Annex 3 of the Agreement, and the direct  
19 costs of processing operations performed in the West Bank  
20 or Gaza Strip or a qualifying industrial zone may be in-  
21 cluded in the direct costs of processing operations per-  
22 formed in Israel under section 1(c)(ii) of Annex 3 of the  
23 Agreement.

24       “(d) APPLICABILITY OF CERTAIN PROVISIONS OF  
25 AGREEMENT.—For purposes of this section, the provisions

1 of paragraphs (2) through (9) of Annex 3 of the Agree-  
2 ment shall apply mutatis mutandis.

3 “(e) DEFINITION.—For purposes of this subsection,  
4 a ‘qualifying industrial zone’ means any area encompass-  
5 ing portions of the territory of Israel and Jordan or Israel  
6 and Egypt designated by local authorities as an enclave  
7 where merchandise may enter without payment of duty or  
8 excise taxes, that has been specified by the President as  
9 a qualifying industrial zone.”.

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